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Canada's New Government Supports FATF Public Statement on Iran

The Honourable Jim Flaherty, Minister of Finance, today said the Government of Canada agrees with the Financial Action Task Force (FATF) statement on risks posed by weaknesses in the Islamic Republic of Iran's anti-money laundering and counter terrorist financing regime.

"I fully agree with the FATF's warning that deficiencies in Iran's anti-money laundering and counter terrorist financing regime pose risks to the international financial system," said Minister Flaherty. "The FATF statement is consistent with measures Canadian banks and other financial institutions are already undertaking with respect to Iranian transactions."

The FATF statement says:

"The Financial Action Task Force (FATF) is concerned that the Islamic Republic of Iran's lack of a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regime represents a significant vulnerability within the international financial system. FATF calls upon Iran to address on an urgent basis its AML/CFT deficiencies, including those identified in the 2006 International Monetary Fund Article IV Consultation Report for Iran.

"FATF members are advising their financial institutions to take the risk arising from deficiencies in Iran's AML/CFT regime into account for enhanced due diligence.

"FATF looks forward to engaging with Iran to address these deficiencies."

Following up on the FATF statement, the Office of the Superintendent of Financial Institutions (OSFI) and the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) issued statements requiring heightened attention for transactions related to Iran. OSFI guidance requires federally regulated financial institutions that conduct business with foreign jurisdictions to be especially vigilant. This includes understanding the nature of the risks and conducting enhanced due diligence, where appropriate.

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